Chapter 16-237 WAC
COMMODITY STORAGE WAREHOUSES AND GRAIN DEALERS

WAC
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WAC 16-237-010 Definitions. (1) "Permanent enclosed storage space" means that it has a foundation and both rigid walls and roof.
(2) "Warehouse operator" means the same as "warehouseman" which is defined in chapter 22.09 RCW.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-010, filed 10/13/00, effective 11/13/00.]

WAC 16-237-015 Covered commodities. Commodities covered under chapter 22.09 RCW in respect to storage and/or merchandising shall include wheat, barley, oats, field corn, popcorn, rye, triticale, grain sorghum, soybeans, sunflowers, flax, buckwheat, rapeseed, safflower, millet, mustard, dry peas, dry beans, lentils, malt, and the by-products resulting from conditioning the above commodities.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-015, filed 10/13/00, effective 11/13/00.]

WAC 16-237-020 Grades and standards. The grades and standards established by the United States Department of Agriculture as of August 1, 1984, for all grains and commodities included within the provisions of this chapter are hereby adopted. In addition, the procedures to sample, grade, test and weigh grains and commodities, established by the regulations and instructions under the United States Grain Standards Act and the Agricultural Marketing Act of 1946, are hereby adopted for this state.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-020, filed 10/13/00, effective 11/13/00.]

WAC 16-237-025 Bond requirements. (1) A bond of not less than fifty thousand dollars nor more than seven hundred fifty thousand dollars shall be required for each ware-

house operator and dealer licensed pursuant to chapter 22.09 RCW, the Washington Warehouse Act. The bond amount shall be computed at the rate of eighteen cents per bushel of licensed storage capacity or six percent of cost of covered commodities purchased from producers, whichever is higher.
(2) For purposes of this section, the cost of covered commodities purchased from producers will include only those commodities purchased during the preceding fiscal year of that dealer.
(3) Grain dealers who purchase less than one hundred thousand dollars annually from producers may petition the director for exemption from the bond requirements. A grain dealer who is granted exemption must:
   (a) Pay for the commodity at time of taking possession by:
      (i) Coin or currency; or
      (ii) Cashier's check; or
      (iii) Certified check; or
      (iv) Bank draft.
   (b) Dealers must maintain a copy of the contract, scale ticket and payment record. All documents must be complete and show the actual date of the transaction. If paid for in coin or currency, a receipt must be issued and signed and dated by the producer.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-025, filed 10/13/00, effective 11/13/00.]

WAC 16-237-030 Certificates of deposit, letters of credit, life insurance. A certificate of deposit, irrevocable letter of credit or assignment on a life insurance policy issued to the department in lieu of a bond shall not be released, canceled or discharged until three years after cancellation of the license unless the department determines that no outstanding claims exist for the subject period.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-030, filed 10/13/00, effective 11/13/00.]

WAC 16-237-035 Net worth requirements. A warehouse operator must maintain an allowable net worth of twenty cents per bushel of licensed space, with a minimum of twenty-five thousand dollars. A dealer must maintain an allowable net worth of four percent of sales of commodities purchased from producers, with a minimum of twenty-five thousand dollars. A warehouse operator who is also a dealer must maintain the higher of these two requirements. For a warehouse operator, any deficiency above the twenty-five thousand dollar minimum must be compensated for by increasing the amount of the warehouse operator's bond by the amount of the deficiency, up to the seven hundred fifty thousand dollar maximum. For a dealer, any deficiency above the twenty-five thousand dollar minimum must be
compensated for by increasing the amount of the dealer's 
bond by the amount of the deficiency regardless of the seven 
hundred fifty thousand dollar maximum. Warehouse opera-
tors and grain dealers must maintain a current asset to current 
liability ratio of at least point nine to one. Deficiencies must 
be made up by providing additional bonding in the amount of 
the deficiency.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-035, filed 
10/13/00, effective 11/13/00.]

WAC 16-237-040 Financial statement requirements. Each warehouse operator and dealer shall submit to the 
department an annual financial statement which shall have 
been audited or reviewed by a certified or licensed public 
accountant. The statement must be submitted to the depart-
ment within four months after the conclusion of the ware-
house operator's or dealer's fiscal year. The statement shall 
include:

1. A balance sheet.
2. An income statement which includes annual gross 
sales of commodities from producers covered under the act.
3. A statement of changes in financial position.
4. Footnotes or schedule disclosure of:
   a. The total bushels received annually by commodity.
   b. The amount of each commodity in storage at end of 
      year.
   c. The amount of each commodity held for depositors.
   d. The amount transferred to other locations.
   e. The amount in pounds, bushels, tons, or hundred 
      weight which the producer has priced but has not received
   f. The amount in pounds, bushels, tons, or hundred 
      weight of delayed price contracts which the producer has not
   g. The amount belonging to the warehouse operator.
   h. The amount belonging to depositors.
   i. The amount in storage.
   j. The amount forwarded to other locations.
   k. Adjustments.
   l. Discounts.
   m. Show itemized charges assessed the producer.
   n. Be serially numbered.
   o. Be prenumbered.
   p. Be maintained in numerical sequence by month pay-
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WAC 16-237-150 Recordkeeping requirements for warehouse operators storing seed. Warehouse operators storing treated seed for depositors must maintain, at a minimum, a separate daily position record by class for treated seed that shows the amount in pounds, bushels, or hundred weights owed to depositors.

WAC 16-237-155 Rates and charges. Warehouse operators and dealers who receive commodities for storage, handling, or conditioning shall post conspicuously a schedule of all charges, moisture adjustment factors, and disposition and/or ownership of all by-products. A copy of all charges assessed and billed to each depositor shall be itemized and retained in a numerical file.

WAC 16-237-160 Scales. All scales used by warehouse operators and dealers must be certified for accuracy annually. Scale testing for certification may be performed by the department or by an approved scale company. When scales are tested by the department a seal shall be placed on the scales. The seal shall be dated and shall indicate approval or rejection. When scales are tested by an approved scale company, a copy of a scale test report shall be forwarded to the department and a copy shall be maintained in the warehouse operator's file.

WAC 16-237-165 Historical depositor. Prior to allocating storage space, each warehouse operator shall file a policy statement with the department of agriculture setting forth the criteria that identifies a person as a historical depositor as defined in RCW 22.09.010. Any subsequent changes in this policy shall be filed with the department.

WAC 16-237-170 Emergency storage situation. If the director determines that an emergency storage situation exists, a warehouse operator may forward warehouse receipted grain to other licensed warehouses for storage without canceling the depositor's warehouse receipt under the following conditions:

(1) The warehouse operator must:
   (a) Obtain written permission from the depositor and/or the holder of the warehouse receipt before the grain is shipped.
   (b) Notify the department before the grain is shipped.
   (c) Have a warehouse receipt issued in his/her name from the receiving warehouse.
   (d) Be back in compliance with the requirements described in RCW 22.09.250 within one hundred twenty days from the date of the first grain shipment.

(3/15/05)
(d) If the average of the grades of the samples falls two grades below the average of the grades when the commodity was placed in the outside pile, the pile will not be approved for relicensing. Unless otherwise documented, "average grade" is considered to be U.S. No. 1.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-175, filed 10/13/00, effective 11/13/00.]

WAC 16-237-180 Warehouse license expiration and late renewal penalty. (1) Warehouse licenses issued under RCW 22.09.070 shall expire on June 30th after the date of issuance.

(2) If the application for renewal of a warehouse license(s) is not received by the department prior to June 30th of any year a penalty shall be assessed as provided by RCW 22.09.050.

(3) Subsequent to the expiration of a license, nothing herein shall be construed to limit the department's ability to enforce applicable laws as provided by chapter 22.09 RCW.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-180, filed 10/13/00, effective 11/13/00.]

WAC 16-237-185 Grain dealer license expiration and late renewal penalty. (1) Grain dealer license issued under RCW 22.09.075 shall expire on June 30th after the date of issuance.

(2) If the application for renewal of a grain dealer license is not received by the department prior to June 30th of any year, a penalty shall be assessed as provided by RCW 22.09.055.

(3) Subsequent to the expiration of a license, nothing herein shall be construed to limit the department's ability to enforce applicable laws as provided by chapter 22.09 RCW.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-185, filed 10/13/00, effective 11/13/00.]

WAC 16-237-190 Inventory requirements. A warehouse not licensed prior to July 1, 1983, must meet the following requirements:

(1) Tanks and stories over two hundred bushels per foot must have inventory holes situated in such a manner as to allow the measurement of the high and low points of the commodity.

(2) Conventional flat storage must have an overhead catwalk with a minimum of five feet of headroom.

[Statutory Authority: RCW 22.09.020(13). 00-21-043, § 16-237-190, filed 10/13/00, effective 11/13/00.]

WAC 16-237-195 Fees for warehouse audit and related services. The following fees apply to the following services:

(1) For year-end inventories requested by a warehouse operator, the department charges the following:

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<th>A fee of:</th>
<th>If requested:</th>
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<tr>
<td>(a) 10% of the warehouse</td>
<td>By July 30th of each year</td>
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<td>(b) 15% of the warehouse</td>
<td>After July 30 of each year</td>
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[Ch. 16-237 WAC—p. 4] (3/15/05)